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# TDS TELECOM

*Government and Regulatory Affairs*

EX PARTE OR LATE FILED

October 31, 1996

*Ex Parte*

William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

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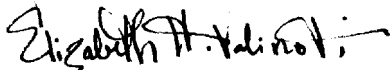
**Re: CC Docket 96-45, In the Matter of Federal-State Joint Board on Universal Service**

Dear Mr. Caton:

On October 31, 1996, TDS Telecom provided to Washington Utilities and Transportation Commission Chairman Sharon Nelson and Policy Consultant Lee Palagyi, and all other members and staff of the Joint Board, the enclosed materials on TDS Telecom's provision of services to educational institutions. These documents were provided in response to requests made by Chairman Nelson and Ms. Palagyi.

Enclosed herewith are the documents provided to the Joint Board via priority mail. I have enclosed three copies of this notice and attachments in accordance with sections 1.1206(a)(1) of the Commission's rules. Please date stamp and return the provided copy in the enclosed self-addressed, stamped envelope.

Respectfully submitted,



Elizabeth H. Valinoti  
Manager  
External Relations

Attachments

cc: Joint Board Members  
Joint Board Staff

No. of Copies rec'd  
List ABCDE

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## **TDS TELECOM**

*Government and Regulatory Affairs*

*Via Overnight Mail*

October 31, 1996

Chairman Sharon Nelson  
Washington Utilities & Transportation Commission  
Chandler Plaza Building  
Olympia, WA 98504-7250

Ms. Lee Palagyi  
Washington Utilities & Transportation Commission  
Chandler Plaza Building  
Olympia, WA 98504-7250

Dear Chairman Nelson and Ms. Palagyi:

This letter is in response to your inquiries made at our August 26 *ex parte* meeting. I apologize for the delay in responding. You had asked what services schools are requesting; the rates we charge; and, the technologies necessary to provide the services. Schools are requesting a vast array of services, including basic, Internet and distance learning capabilities. We are able to provide nearly any service requested. I have learned that TDS Telecom, and most holding companies with many operating carriers, do not have consistent rates for services provided to educational institutions. Historically, the local companies set up favorable rate agreements with community schools and libraries. As TDS Telecom acquired the local companies, we continued providing services to schools and libraries at the rates set by the previous owners. I have enclosed a portion of our Happy Valley Telephone Company's California tariff outlining waivers of ISDN charges for public schools and libraries. This is just one example of the discounts we offer to educational institutions.

Your questions come at an interesting time: TDS Telecom is in the process of establishing uniform tariffed rates for services at our 104 operating companies. We plan to offer uniform discounted rates to educational institutions, for as many services as possible. Now, however, in light of upcoming universal service rules, we may wait for the release of these rules before drawing up new tariffs as we will likely be required to offer specific discounts. We, of course, look forward to offering these discounts.

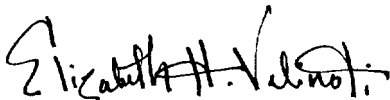
Currently, our one example of uniform discounted rates is provision of Internet service. TDSNET, our subsidiary Internet service provider, offers several months free introductory service to schools and public libraries, and a discounted rate every month thereafter. I have enclosed information on our rates for Internet provision to schools. As for the telecommunications facilities necessary to provide Internet service, our rates vary widely depending on the type of line requested (basic, ISDN, special circuits, etc.). I have enclosed a chart detailing the averages and ranges for these rates. We understand that the Clinton Administration supports free Internet to schools and libraries, and if the new rules and funding allow for this "e-rate," we are prepared to offer it.

We have several distance learning networks in place and plan to complete many more in the near future. As with our other services, the rates for school distance learning networks fall within a wide range. In fact, the rates vary quite significantly due to the disparity in services the different schools need to meet their requirements. I have enclosed examples of our distance learning initiatives.

Finally, you had asked if it were both technically feasible and economically reasonable to separate traffic of institutions qualified for universal service discounts under the 1996 Act (schools, libraries, etc.) from other governmental entities. Our technology group reports that most switching systems allow for relatively easy set-up of a class of users which can be given a different index in the billing record. In sum, it appears it would be possible, both technologically and economically, to keep eligible institutions separate for discounting purposes.

Please do not hesitate to contact me at 608-845-4159 with any follow-up questions you may have. I wish you the best as you approach your November 8th deadline.

Sincerely,



Elizabeth H. Valinoti  
Manager, External Relations

Enclosures

cc: Joint Board Members  
Joint Board Staff

## **TDS TELECOM Educational Services and Programs**

### **Services**

- **Internet Service** - In areas where we offer Internet access, schools can have free access to the Internet for six months. After this period, we offer discounted rates for Internet accounts and schools can even have a free World Wide Web Home Page with a three-year contract.
- **Structured Wiring for Schools** - Local operating companies are looking at new ways to help schools. To assist with growing and changing data needs, TDS TELECOM provides network planning, design, and cable construction for schools.
- **Distance Learning** - TDS TELECOM is committed to education in the communities we provide service. To show this commitment, we pledge to place fiber to our schools. We actively respond to requests about distance learning and provide technical assistance to schools with distance learning needs. Often times, we donate labor and materials for these programs.

In addition, we keep our schools informed of the grant and loan opportunities that are available for distance learning.

### **Sponsorship of Education Programs**

- **Scholarship Programs** - Because we have a local presence and are part of the communities we serve, we have a vested interest in education. Many TDS TELECOM local companies provide scholarships for high school students continuing their education. Scholarship awards are typically based on grade point average.
- **Essay Contest** - Junior and senior high school students can test their critical thinking, investigative, and creativity skills as they write essays to compete for a scholarship toward their advanced education. We have three levels of competition. First, students submit their essays at the local company level to win \$200. The local winners then compete at the regional level for a \$1,500 scholarship. Four regional winners then vie for the national award of a \$5000 scholarship. The national winner's sponsor or teacher receives \$500 which can be applied toward educational materials for his/her classroom.
- **Mentorship Programs** - As volunteers for a Wisconsin mentorship program, TDS TELECOM employees teach students about work in the telecommunications field including the training/education needed, day-to-day job tasks, and the outlook for the position in the future. At the same time, students learn to identify classroom skills they will use in their careers.

We have another mentorship program in the northeastern part of the country that has been a success. The company employs an at-risk student for one school year. This student will go through a complete interview. Along with learning about the telecommunications industry, the student receives tutoring for classes and performs community service. This is a great learning experience for the student, and the company personnel benefit in knowing that they have helped to make a difference in a student's life.

- **Tutoring Programs** - A tutoring program is in place where students receive help from TDS TELECOM employees with homework or to prepare for an exam. Employees go to the student's school to work with the student during school hours.
- **Mock Interviews** - Some of our company managers participate in high school and vocational college programs that bring in community leaders to help students prepare for job interviews.

### **Pilot Programs**

- **Cornerstone ISDN Program** - In California, TDS TELECOM will be working with schools to provide ISDN lines with no installation or usage charges for the first year. After the first year, schools will receive a discounted rate for these high-speed transmission lines. This will be a great opportunity for teachers and students to benefit from the advanced applications of ISDN.

Schedule No. A-29

(N)

INTEGRATED SERVICES DIGITAL NETWORK (ISDN) SERVICE  
(Continued)

RATES - (Continued)

(8) Education Cornerstone Program:

a. Waiver of Charges:

1. The waiver of RATES (1) through (6) in this Schedule for one ISDN line is offered to each public school or library for one year.
2. The waiver period shall begin on the date of the installation and continue for twelve months at which time the customer may elect to disconnect or continue the service at the prevailing tariff rates and charges.

b. Special Conditions:

1. Additional ISDN lines and features ordered by each public school or library will be billed from RATES (1) through (6) in this Schedule.
2. The public school(s) and library(ies) must be technically equipped of being served by ISDN Service and the Utility must have the central office switching capacity and available outside plant facilities to serve that location.
3. The waiver of charges shall begin on the date of installation of the one free ISDN line and conclude twelve months from that date.

(Continued)

(N)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. \_\_\_\_\_

Michael A. LeVasseur

Date Filed \_\_\_\_\_

Decision No. \_\_\_\_\_

NAME  
President

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

TITLE

## HOW YOUR SCHOOL CAN USE THE INTERNET.

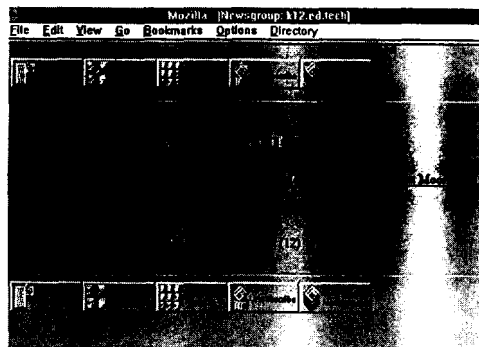
As a powerful resource tool, the Internet gives students and staff access to worldwide sources of information. This virtual treasure chest includes hundreds of databases, libraries, periodicals, and more.

Access to Internet resources can be especially important where students may not have a larger local library available.

Teachers can also use the Internet for research, lesson plan development, and communication with colleagues.

In addition, Internet access can:

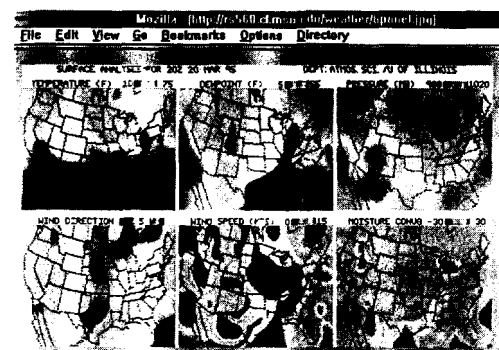
- ♦ Facilitate communications between teachers, parents and students
- ♦ Enhance remote teaching
- ♦ Provide discussion forums for educational subjects
- ♦ Supply detailed description of colleges for interested high school students



How TDSNET will provide Internet to your school

Many schools now have computers in each classroom in addition to a computer lab. With this in mind, we have developed the following price structure:

Contact your TDSNET representative for details. Call 1-800-358-3648, or e-mail us at [info@tdsnet.com](mailto:info@tdsnet.com).



### TDSNET Education Discount Package

Dial-up 28.8k	Cost Per Account *	Cost Per Sub-Account
1-25 Master Accts	\$17.00/mo.	\$4.95/mo.
26 + Master Accts	\$15.95/mo.	\$4.95/mo.

*\*may be billed annually*

In order for students or faculty to receive their individual e-mail, a particular computer must be designated as their Internet e-mail site. Most schools recommend each home room as their Internet e-mail site.

### Free Software

Internet software is included for Windows 3.1, Windows 95 and Mac System 7.5. To block sexually explicit material on the Net, Surf Watch is available for \$39.95.

### World Wide Web Home Page

TDSNET will provide up to 10MB of free WWW storage for schools that sign up for a three-year contract and have a minimum of five master accounts.

**TDS TELECOM RATES FOR FACILITIES TO  
PROVISION INTERNET SERVICES**

	<b>Fixed or Average</b>	<b>Range</b>	
		<b>Low</b>	<b>High</b>
<b>Basic Local Rates:</b>			
Residential 1-Party Rate	\$ 15.00	\$ 4.00	\$ 26.00
Business 1-Party Rate	\$ 24.50	\$ 5.00	\$ 44.00
<b>ISDN-BRI Rates: (1)</b>			
ISDN-BRI Residential Rate	\$ 45.00	\$ 34.00	\$ 56.00
ISDN-BRI Business Rate	\$ 54.50	\$ 35.00	\$ 74.00
<b>ISDN-PRI Rates: (1)</b>			
ISDN-PRI Rate	\$ 700.00	N/A	N/A
<b>Special Circuits: (2)</b>			
56 KBPS (Interstate/NECA) - Both Ends	\$ 270.00	N/A	N/A
DS-1 (Interstate/NECA) - Both Ends	\$ 750.00	N/A	N/A

**(1) Usage Charges Apply in addition to Flat Rates**

**(2) Assumes 10 Miles Between CO's/50% BIP**





RICH RYGH/THE CAPITAL TIMES

Jacourtney Ticey explores the Internet at the Vera Court Neighborhood Center.

# Vera Court, meet Internet

By Gail Perry-Daniels

*The Capital Times*

After just two days, 11-year-old Jacourtney Ticey felt confident enough about his Internet skills that he began assisting others.

"I've been looking at things like NBA news to find out about basketball players, looking at books and all kinds of other things," said Jacourtney, who uses the Internet after school at the Vera Court Neighborhood Center.

Having access to the Net will open up a whole new world for the youths in this neighborhood, said Johnny Winston Jr., the center's director.

On Jan. 19, TDSNET Internet Services, a Madison-based provider, opened a free on-ramp to the information highway for the Vera Court neighborhood at its community center, 614 Vera Court.

TDSNET is a subsidiary of TDS Telecom, which is based in Madison. The company offers Internet service in 10 locations across the country, including Madison.

Joleen Taliaferro, a Vera

Court resident, said she tries to use the Internet as often as she can. Initially Taliaferro started coming to the center to learn typing.

On Thursday, she cruised the Net to find out information about a televised interview with O.J. Simpson that was aired Wednesday night.

"I have learned more about computers since I've been using the Internet. It's like a new game at times, learning all of the different things you can do," Taliaferro said.

TDS sales manager Garry Burman said it was only a matter of days after the center inquired about getting an Internet link before the company made an offer to donate the service.

"It's important to us to contribute to the communities we serve by providing the opportunity to access the Internet. We are creating educational and employment opportunities to residents in ways that were not available only a few years ago," Burman said.

On Thursday, Burman discussed with Winston the possibility of developing a home page for the center.

The commercial cost of receiving the Internet service and

a homepage is as much as \$30 a month.

"We are so fortunate to have this opportunity. Computer technology and the access to Internet strengthens self-esteem, encourages empowerment, ownership, and teaches skills that will help our youth and adults to thrive — not merely survive," Winston said.

Winston added that the center is a step closer to sharing President Clinton's wish, expressed in his State of the Union address, to have Internet access attainable by all.

In the computer lab, equipment users must pass a simple test before they can begin using the equipment.

"We want the user to know what a monitor is, what a mouse is, what a CD-ROM is," Winston said.

The center's eight computers were donated by American Family Insurance.

Once known as one of Madison's most crime-ridden neighborhoods, Vera Court, on the city's north side, has seen vast improvements with the help of property owners, management, neighborhood residents, volunteers, social service agencies and businesses, Winston said.

**GOOD WORKS**

## Distance Learning update

**O**n September 4 at 8:38 a.m., the culmination of a six-month project was realized at the Port Byron Central School in New York with the first class of the Cayuga-Onondaga Distance Learning Network. To the north, students at the Edwards-Knox School were experiencing this new way of learning as part of the St. Lewis-Lawrence Distance Learning Network. These projects represent two of TDS TELECOM's most recent efforts to promote distance learning in the communities we serve.

In K-12 schools, distance learning is commonly implemented as a specialized form of video-conferencing and is used to bring together geographically dispersed groups of students and teachers. Distance learning is an effective way of providing enriched curriculum, including advanced placement classes, to smaller school systems. The students in Edwards and Port Byron have access to advanced classes in French, Spanish, American History, Biology and Physics over the distance learning network.

The state-of-the-art networks supporting these schools include two-way fiber-optic trunking between the schools and high-quality digital video codecs (for analog to digital coding). Because both telephone companies anticipated their school's needs for advanced services, much of the fiber infrastructure was already in place. Service was available within days of receiving the codecs and fiber transceivers due to quick learning and tenacity on the part of the TDS TELECOM technicians in Edwards and Port Byron.

"Linking students and teachers over an interactive video network can enable schools to overcome a number of limitations and will open up many opportunities for their students," said **Andy McAdoo**, TDS TELECOM company manager at the Edwards Office. **Alan Weston**, TDS TELECOM company manager at the Port Byron Office added, "The bottom line to all this was to observe the students in different classrooms located miles apart. They're now learning something that was previously unavailable to them."

Both projects were awarded based on a competitive bid and multi-year contract prepared by **Marianne Paker**, product manager of Distance Learning, in the Emerging Applications Group. Marianne received excellent support from **Kris Thompson** and **Darcy Hackel** of State Regulatory Affairs in preparing pricing for the proposals.

For more information on distance learning please contact Marianne Paker at (608) 845-4329. ♦

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## TDS TELECOM - RMG-CENTRAL REGION DISTANCE LEARNING AND FIBER NETWORK CONTRACTS

<u>TDS COMPANY</u>	<u>TYPE OF CONTRACT</u>	<u>OTHER PARTY</u>	<u>END USER(S)</u>	<u>SERVICES PROVIDED</u>	<u>ANNUAL COMPENSATION</u>	<u>CONTRACT DATES</u>			<u>EARLY TERMINATION CLAUSE</u>	<u>MAINTENANCE</u>
						<u>BEGINNING</u>	<u>- ENDING</u>	<u>LENGTH</u>		
Badger	Distance Learning	WTS	Schools in the SCING Network (Merrillan)	DS3 transport for Distance Learning Link	\$36,100	08/15/98	01/14/03	7 years	WTS can terminate the contract early on 90 days written notice subject to early buy out price listed on Attachment 2 of the contract.	LEC will own and maintain all of the required signal transport equipment.
Central State	Distance Learning	WTS	Schools in the SCING Network (Marshfield)	DS3 transport for Distance Learning Link	\$33,300	08/15/98	01/14/03	7 years	WTS can terminate the contract early on 90 days written notice subject to early buy out price listed on Attachment 2 of the contract.	LEC will own and maintain all of the required signal transport equipment.
Central State	Distance Learning	WTS	Schools in the SCING Network (New Lisbon)	DS3 transport for Distance Learning Link	\$41,000	08/15/98	01/14/03	7 years	WTS can terminate the contract early on 90 days written notice subject to early buy out price listed on Attachment 2 of the contract.	LEC will own and maintain all of the required signal transport equipment.
Central State	Distance Learning	WTS	Schools in the SCING Network (Auburndale-Necedah)	DS3 transport for Distance Learning Link	\$213,633	08/15/98	01/14/03	7 years	WTS can terminate the contract early on 30 days written notice subject to early buy out price listed on Attachment 2 of the contract.	LEC will own and maintain all of the required signal transport equipment.
Badger	Medical Link Service	WTS	Marshfield Clinic	DS3 transport for Medical Link Service	\$60,464	08/01/94	08/01/01	7 years	WTS can terminate the contract early on 30 days written notice.	LEC will own and maintain all of the required signal transport equipment.
Grantland	Fiber Optic Facilities	Fennimore Community School District	Fennimore Community School District	Fiber Optic System	\$17,000	06/17/93	06/17/03	10 years	N/A	Service Provider agrees to maintain the fiber optic system for the duration of this Agreement.
Bonduel	Distance Learning	Urban	ERVING network school Districts (Clintonville, Keshena, Bowler, Triggerton Marion, Wittenberg-Birnamwood Bonduel)	DS3 transport for Distance Learning Link	\$16,080	01/01/92	01/01/02	10 years	Urban may terminate this lease contract after payment of the early termination liability provided for in Attachment 1 to this lease contract.	Maintain fiber optic facilities and provided transmission facilities for Bonduel High School.
Central State	Distance Learning	WTS	DOT (WONDER) (Chil, Marshfield)	Two Intercluster Video Link	\$70,566	08/01/96	08/01/02	7 years	WTS can terminate the contract early on 30 days written notice.	LEC will own and maintain all required all equipment.

**VERONA-VERNON-SHERRILL SR. HIGH  
DISTANCE LEARNING PROPOSAL  
VERNON TELEPHONE**

Price Floor Initial Arrangement					
<u>Contract Period</u>	<u>Non-recurring Charges</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>	<u>Lump Sum Rate</u>	
3 years	\$ 8,100.00	\$ 3,317.00	\$ 37,818.00	\$ 103,410.00	
5 years	\$ 8,100.00	\$ 2,628.00	\$ 29,955.00	\$ 124,823.00	
7 years	\$ 8,100.00	\$ 2,316.00	\$ 26,402.00	\$ 141,260.00	
10 years	\$ 8,100.00	\$ 2,065.00	\$ 23,536.00	\$ 158,882.00	

Price Floor Additional Video Transmit Channel (Encoder)					
<u>Contract Period</u>	<u>Non-recurring Charges</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>	<u>Lump Sum Rate</u>	
3 years	\$ 50.00	\$ 129.00	\$ 1,473.00	\$ 4,028.00	
5 years	\$ 50.00	\$ 91.00	\$ 1,040.00	\$ 4,332.00	
7 years	\$ 50.00	\$ 75.00	\$ 857.00	\$ 4,585.00	
10 years	\$ 50.00	\$ 63.00	\$ 724.00	\$ 4,884.00	

Price Floor Additional Video Receive Channel (Decoder)					
<u>Contract Period</u>	<u>Non-recurring Charges</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>	<u>Lump Sum Rate</u>	
3 years	\$ 50.00	\$ 107.00	\$ 1,217.00	\$ 3,327.00	
5 years	\$ 50.00	\$ 75.00	\$ 859.00	\$ 3,579.00	
7 years	\$ 50.00	\$ 62.00	\$ 708.00	\$ 3,787.00	
10 years	\$ 50.00	\$ 52.00	\$ 598.00	\$ 4,035.00	

Price Floor Data Channel (per CSU/DSU)					
<u>Contract Period</u>	<u>Non-recurring Charges</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>	<u>Lump Sum Rate</u>	
3 years	\$ 50.00	\$ 67.00	\$ 768.00	\$ 2,101.00	
5 years	\$ 50.00	\$ 48.00	\$ 542.00	\$ 2,260.00	
7 years	\$ 50.00	\$ 39.00	\$ 447.00	\$ 2,392.00	
10 years	\$ 50.00	\$ 33.00	\$ 377.00	\$ 2,548.00	

**PERRY WORTH SCHOOL DISTANCE LEARNING PROPOSAL  
CCI, IN**

<b>CCI, IN Price Floor</b>			
<u>Contract Period</u>	<u>Monthly Rate</u>	<u>Annual Rate</u>	<u>Lump Sum Rate</u>
3 years	\$875	\$9,971	\$26,391
5 years	\$676	\$7,703	\$30,478
7 years	\$591	\$6,734	\$33,613

<u>Contract Period</u>	<u>CCI's Monthly Rate</u>	<u>Ameritech's Monthly Rate*</u>	<u>Total Monthly Flat Rate</u>	<b>PLUS</b> <u>Ameritech's Hourly Rate</u>
3 years	\$875	\$450	<b>\$1,325</b>	<i>see below</i>
5 years	\$676	\$450	<b>\$1,126</b>	<i>see below</i>
7 years	\$591	\$450	<b>\$1,041</b>	<i>see below</i>

\* Ameritech's monthly rate includes 10 free hours of service.

<u>Hours</u>	<u>Hourly Rate</u>
0-10	included
11-20	\$25
21-40	\$15
41-	\$10

Note: CCI will bill both CCI's and Ameritech's charges to the school.